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Letter from the Chair

On behalf of the Board of Directors, the management and employees of BC Buildings Corporation, I am pleased to present the Corporation's 2004-2007 Service Plan. BCBC is mandated by the *British Columbia Buildings Corporation Act* to be a shared services provider for real estate and accommodation to the BC public sector. The corporation provides real estate and accommodation infrastructure services to provincial government ministries, public bodies and agents, and to federal and municipal government organizations. In addition, BCBC provides asset stewardship of the real estate portfolio it manages on behalf of the Province.

This plan has been prepared pursuant to the *Budget Transparency and Accountability Act* (July 2000 and the amendments in August 2001) and the related "Service Plan Guidelines for Government Organizations", provided by the Crown Agencies Secretariat, Office of the Premier.

As a rolling three-year plan, this Service Plan builds upon the results achieved by the Corporation in 2003/04, as set out in our 2003-2006 Service Plan. These results support many of the government's priorities including the Corporation's commitments made at its 2002/03 Core Services Review and the expectations set out in the Shareholder's Letter of Expectations between the Minister of Management Services and BCBC.

We are proud of the significant progress made to the end of 2003/04 relating to fulfillment of BCBC's Core Services Review commitments:

- Completion of the Government Accommodation Restructuring Initiative (GARI) involving over 1,000 projects, with building occupancy cost savings for ministry customers expected to exceed the projected $60M in annualized savings.
- In support of our commitment to increase use of the private sector, successful negotiation of a five-year contract with Brookfield LePage Johnson Controls Workspace Solutions Inc. (BLJC WSI) to be BCBC's outsource provider of property management services (in the magnitude of $100 million per year) positions BCBC to shift its focus from providing transactional services to advisory services.
- Accelerated disposition of properties is expected to result in the sale of over 130 properties by fiscal year-end, with total proceeds more than double the target established in the budget. This includes two major properties (New Haven and Woodlands) and a number of correctional facilities and highways yards.
- Continued growth in services provided to the broader public sector, particularly to health authorities. Service level agreements, which establish the foundation for long-term relationships for the provision of real estate and accommodation advisory services, are now in place with a number of health authorities.
- Introduction of new business and financial models to support the Corporation's strengthened shared services model. These models include a refinement of the service agreement framework and internal restructuring of corporate customer services and supply management functions, and changes in financial budgeting and reporting to improve fiscal accountability.

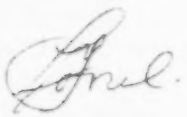
In addition, BCBC is expecting to exceed the net income target established in its 2003/04 budget and has, in the first nine months of the year, retired debt of $120 million in principal value.

Over the next three years, the Corporation will face many challenges to successfully transition from its primary role as landlord to that of strategic advisor and manager of service delivery. This will require changes in the corporate culture and the way in which the Corporation conducts its business. New competencies will be required. Business processes and systems will need to be streamlined and realigned.

The 2004-2007 Service Plan builds on the strategic shifts set out in the 2003-2006 Service Plan and continues to focus on delivery of the Corporation's Core Services Review commitments. It also includes specific objectives and strategies to address the challenges noted, and changes required and the progress made.

The objectives and strategies delineated in the Service Plan address the key strategic challenges/issues that BCBC faces in the future. Specifically, under Goal 1 (Customer Success), objectives relate to customer satisfaction and the provision of innovative and cost effective accommodation solutions, as well as the provision of strategic advisory services to the broader public sector, in particular to the health and education sectors (regional health authorities and school districts). Under Goal 2 (Increase Value to the Shareholder), the objectives continue to centre on achievement of targeted financial results, effective stewardship of BCBC's portfolio and management of environmental risks/liabilities. Goal 3 (Organizational Transformation) focuses on implementation of property management outsourcing and realignment of corporate processes and systems. Similarly, Goal 4 (Enhanced Service Culture) focuses on developing a customer centric and performance oriented environment and ensuring that BCBC has an appropriately skilled workforce.

We are proud of our many and significant accomplishments to date, and are looking forward to delivering on the commitments set out in this ambitious 2004-2007 Service Plan.



Lucie Gosselin
Chair

Accountability Statement

The 2004/05 – 2006/07 British Columbia Buildings Corporation Service Plan was prepared under our direction in accordance with the *Budget Transparency and Accountability Act*. We are accountable for the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall service plan. All significant assumptions, policy decisions, and identified risks, as of January 23, 2004, have been considered in preparing the plan. We are accountable for ensuring the British Columbia Buildings Corporation achieves its specific objectives identified in the plan and for measuring and reporting actual performance.

Lucie Gosselin
Chair

John Beales
President & CEO

Corporate Mandate/Governance

The mandate of British Columbia Buildings Corporation (BCBC) is confirmed, as established, under Section 4 (1) of the *British Columbia Buildings Corporation Act*, and amended under Section 2 of the *Miscellaneous Statutes Amendment Act (No.2), 1997 to be as follows:*

> "The purpose of the Corporation is to serve as an agency of the government in providing land and buildings for accommodation of ministries of government, public bodies and agents, corporate or otherwise, of the government by lease or licence or any other arrangement for the use and occupation of the accommodation."

This mandate includes the following responsibilities:

- to provide cost-effective real estate and accommodation services to the public sector (a shared service provider function);
- to contribute to its customers' success by having a thorough understanding of its customers' needs and identifying related best value accommodation solutions; and,
- to fulfill an obligation to the shareholder to provide innovative stewardship of real property infrastructure.

BCBC's governance relationships and accountabilities to its shareholder are contained in the following legislation: the *British Columbia Buildings Corporation Act*, the *Budget Transparency and Accountability Act*, the *Financial Information Act and* the *Financial Administration Act*. BCBC is held accountable to its shareholder (the Government and the Legislative Assembly) through its Minister Responsible, the Honourable Joyce Murray. A nine-member Board of independent Directors, appointed by the Lieutenant Governor in Council, guides the Corporation in fulfilling its mandate. BCBC's corporate governance framework, jointly developed by the BCBC Board and Management, further clarifies the lines of responsibility and accountability of the Board, its Committees and Senior Management, based on best practices of corporate governance. In addition, a Shareholder's Letter of Expectations sets out the shared understanding between the shareholder and the Corporation on key governance issues, corporate mandate and core services, public policy issues, strategic priorities and performance expectations.

Scope of Operations

The Corporation manages, on behalf of the Province, a diverse real estate portfolio of leased, owned and maintained properties that extends throughout the province. This portfolio includes more than 2.2 million square metres (23.6 million square feet) of space, and includes a wide variety of types of properties/facilities, ranging from the Vancouver Law Courts and Robson Square Complex to heritage buildings dating from the 1860s, and includes: office buildings, residential institutions, courthouses, forestry complexes, ambulance stations, health units, correctional centres and highways facilities.

Approximately 75% of BCBC revenue comes from services provided to provincial government ministry customers. The remaining 25% of revenue comes from services provided to provincial agencies, authorities, Crown corporations and municipal and federal government customers.

BCBC is structured similarly to a private sector enterprise and uses private sector management and accounting methods. BCBC ensures accountability by charging rents according to market principles and ensures that its underlying policies are market-based. The application of market discipline provides for the efficient and effective utilization of provincial assets.

Core Services

To continue its evolution as a shared services provider of real estate and accommodation to the BC public sector, BCBC is in the process of moving from its primary role as landlord to that of strategic advisor and professional services provider. BCBC is organized into two lines of business: (1) management of the planning and delivery of real estate and accommodation infrastructure services (Customer Services), and, (2) asset stewardship on behalf of the shareholder (Portfolio Management). Portfolio Management provides the Corporation and shareholder with expert guidance on government policy, target setting and decision-making, relating to the broader real property system of the province.

With the exception of strategic advisory services, most of the services that BCBC provides are delivered through contracts with private suppliers/consultants. BCBC has a long history of successfully managing the performance of supplier contracts.

The services provided by BCBC are grouped into the following three categories:

1. Strategic Advisory Services
    - Strategic portfolio planning including capital planning, financing/procurement strategies and functional facility/inventory assessments
    - Strategic asset management including strategic asset planning and the provision of tools
    - Strategic accommodation planning
    - Real estate policy and performance measurement
    - Sustainability and environment management services
2. Workplace and Real Estate Solutions
    - Workplace planning and design
    - Workplace acquisition and disposal
    - Workplace provisioning
3. Workplace Management
    - Property management and maintenance
    - Lease management

BCBC's Service Catalogue provides descriptions for each service provided by BCBC (available at www.bcbc.bc.ca/corporate by June 30, 2004).

Vision

Our vision describes a compelling future state that we believe is both ambitious and attainable.

British Columbia Buildings Corporation will be vital to its customers' success and to the Shareholder by being their preferred strategic advisor and service provider of real estate and accommodation infrastructure solutions.

Mission

Our mission describes our business purpose: who we are and whom we serve; the business we are in; the value we bring to customers; and how we do this.

As the shared services provider to public sector organizations for real estate and accommodation infrastructure solutions, BCBC provides its customers choice and earns their business. Specifically, BCBC:

- Provides strategic advisory services;
- Facilitates the implementation of flexible, affordable and healthy workplace solutions; and,
- Provides innovative stewardship of its assets and resources.

BCBC will accomplish this mission by utilizing its expertise in real estate and accommodation planning; its distinctive knowledge of its customers, their programs, government and public policy processes; and, by collaborating with private and public sector business partners.

Values

These values represent our corporate and individual behaviors and define how we will treat our customers, suppliers and each other.

DEDICATION TO OUR CUSTOMERS

We work to know our customers and treat them as partners.

We are flexible, innovative and proactive.

We make and keep our commitments – we get the job done!

INTEGRITY

We treat all individuals with fairness, dignity and respect.

We are open and honest.

TEAMWORK

We support one another to achieve corporate goals.

We support and develop our people to achieve our corporate and individual potential.

ACCOUNTABILITY

We work with our customers to bring value to our shareholder and the taxpayer.

We measure and monitor our performance to established targets.

We are socially and environmentally responsible in our business operations.

Key Challenges Facing BCBC

An environmental scan was undertaken to identify and assess internal and external environmental factors and risks, which might impact the Corporation's ability to achieve its mission, vision and goals, and deliver on the action items from BCBC's Core Services Review:

- Lead the rationalization of government accommodation
- Increase the role of the private sector and the use of Alternative Service Delivery (ASD)
- Dispose of assets strategically
- Strengthen BCBC's shared services model
- Increase focus on health and education sectors and on the efficiency of government's overall real property system

As part of the environmental scan, trends and their impacts on BCBC were considered for each of the following areas: Socio-Economic/Economy; Government Goals/Governance/Shareholder; Customer Needs; Service Delivery (Planning & Development Services); Leasing Market; Real Estate Market; Management of Outsourcing Contracts; Competition; Human Resources; Information Systems; Portfolio Stewardship; and Environmental Stewardship. A current-state SWOT assessment (Strengths, Weaknesses, Opportunities and Threats) was also conducted. The following key challenges were derived from this assessment. They describe the key strategic issues/risks, which need to be addressed in our strategies, and in developing the accompanying budget, which supports Plan implementation.

Governance/Shareholder

As customer needs and governance models in the public sector continue to evolve, the challenge for BCBC is to continue to demonstrate the value of the BCBC shared services model and supporting governance structure. Of key importance will be the successful implementation of the Corporation's strengthened shared services model. The evolution of the shared services model requires organizational restructuring to support BCBC's transition from the role of landlord and provider of accommodation services to the role of strategic advisor and supply manager.

Customer Needs/Service Delivery

A key challenge for BCBC is to ensure that it continues to have in place the expertise and service delivery structure to effectively respond to changing customer needs. BCBC must continue to evolve from a transaction-focused organization to one focused on the delivery of strategic advisory services, innovation, streamlined processes, and continuous learning and improvement.

The Core Services Review, the resulting government restructuring and very challenging fiscal targets are impacting our customers in many ways:

- service delivery and governance structures are changing;
- delivering program priorities and reducing costs are the focus, which demands an increased reliance on the private sector for other functions;
- accommodation space requirements are significantly reduced;
- demographics and downsizing result in shortages in facilities staff; and,
- decision-making is shifting towards the regions, as a result of increased regional accountability for program delivery.

As a result of these impacts, customer requirements are increasingly complex, requiring integrated solutions with longer project cycles and increased front-end planning and consultation. There is also an increased customer demand for full workplace provisioning services (space, furniture, telecommunications) – "one-stop" solutions.

To help its customers be successful, BCBC will continue to participate in and support the regional integrated service delivery process that is underway. BCBC will build strategic partnerships with regional decision-makers; focus on providing strategic advisory services, and manage the provision of transactional services through private sector suppliers. Utilizing multidisciplinary teams, the Corporation will provide customers with innovative long-term strategic accommodation solutions that satisfy their program delivery requirements, while continuing to assist them in identifying short-term savings to address more immediate budgetary pressures. BCBC will enhance its current shared services model to provide more choice to customers through service level agreements tailored to individual customer needs.

Socio-economic and Economic Conditions

While a moderate inflation rate has had a stabilizing effect on operations costs and helped contain prices in BCBC's client budget forecast, future cost increases are expected due to construction material and labour price increases as well as continued volatility in natural gas and fuel oil prices. The challenge for the Corporation will be to address tenant's concerns while continuing to ensure the overall efficient use of the real estate portfolio.

In the short-term, government restructuring will have a greater impact on BCBC costs and revenues than any other economic factor. BCBC is facing significant reductions in revenues from ministry customers, necessitating organizational streamlining. Continuing customer expenditures on redesign of facilities and tenant improvements will place demand on design consulting services and building trades. This may lead to capacity problems and upward price pressures (in particular, in Victoria, Vancouver and the Okanagan). In order to address cost and revenue pressures BCBC will need to develop innovative solutions and alternative service delivery strategies; continue to look beyond traditional publicly financed procurement approaches to find alternative approaches; and continue to streamline its operations and business processes, lowering overall and unit costs.

Industry Conditions

In Victoria, the private sector has been absorbing most of the new office real estate supply, although the full impact of government restructuring has yet to be felt. The opportunity exists in Vancouver to extend leases at the same or lower rent. Vacancy rates are high in the rest of the province, but for lower-end space. Landlords are moving to shorter lease terms, with space being provided on an "as is" basis. The challenge for the Corporation is to take advantage of the greater flexibility this provides, while managing the higher costs of one-time tenant improvements and the increasing cost of relocations relative to lease renewals.

An increasing number of private firms are now providing a full suite of real estate accommodation services, mainly focusing on transactional services. The Corporation will increasingly need to focus on the provision of advisory services, where it has a particular expertise in understanding government procedures/processes and customers' long-term strategic requirements. BCBC will increasingly rely on the private sector for the provision of transactional services.

Stewardship/Portfolio Management

There is increasing pressure to dispose of real estate assets, in part due to government restructuring/downsizing and changes in long-term program requirements, and in part as the result of short-term budgetary pressures. As the size of BCBC's owned portfolio decreases, rental revenues will continue to decline, resulting in an increased reliance on fees from advisory services. The Corporation continues to face the challenge of ensuring that its portfolio decisions optimize the long-term value and financial performance of the portfolio on behalf of the shareholder. These decisions will continue to be based on evaluation of financial and non-financial criteria, as set out in the new Ownership of Real Property Assets policy approved by the Board of Directors. Government restructuring has also increased the need for government and public sector bodies to maximize the value of their real estate portfolios. This provides BCBC with the opportunity to provide its well-established stewardship advisory services to the broader public sector.

As the steward of the single largest portfolio of buildings in the province, BCBC's continued efficient management of energy costs and greenhouse gas emissions is critical. Increasing demand for green (high-performance) buildings provides an opportunity for BCBC to provide strategic advisory services to both ministry and non-ministry customers.

Human Resources

BCBC's most vital resource is its people. The greatest challenges are to continue to maximize employee performance and to strengthen the linkages between human resource and business strategies. The combined effects of workforce demographics, property management outsourcing and organizational restructuring are expected to significantly affect staff size and composition. At the same time, BCBC is transforming itself to become a more customer focused, streamlined, strategic professional services organization. New competencies will be required. In the short term, there are also significant workload challenges to successfully complete Government Accommodation Restructuring Initiative (GARI) projects and implement property management outsourcing. Central to the new Human Resources strategy for addressing these challenges is the development of a performance-based compensation system and competency-based training, recruitment, promotion and professional development, as well as the continuation of an effective working relationship with our union.

Information Systems & Business Processes

Successful implementation of corporate restructuring and the outsourcing of property management functions will require the realignment and streamlining of existing business processes and the development of new processes where needed, in order to:

- Align with a smaller organization and with the new business and financial model;
- Provide access to information required by and from the property management outsource service provider; and
- Provide more efficient service delivery, both through cost efficiencies and improved flexibility.

Changes to information systems (IS) will need to be put in place to support the redesigned business processes. The Corporation will make increased use of self-service applications and off-the-shelf software packages for standard business functions, reducing IS staff support requirements and staff workloads. A shift to electronic data and document systems will result in further staff efficiencies and improved information management. Staff, suppliers and customers will all need to adapt to a higher use of desktop software, electronic methods and self-serve systems. In addition, BCBC will continue to focus on information technology (IT) security and business continuity planning.

Corporate Goals, Objectives and Strategies 2004-2007

For each of its four goals, BCBC has identified objectives to be achieved over the next three years. The goals state the overall intended results of the Service Plan, while the objectives translate these goals into more specific desired outputs and outcomes. The strategies describe the key activities and initiatives that will be implemented in order to achieve the objectives. It is important to note that there is not necessarily a one-to-one relationship between objectives and strategies (e.g. a strategy can contribute to the achievement of more than one objective, and multiple strategies can lead to the achievement of a single objective).

Business plans are developed annually. These annual plans include more detailed tactics for each strategy, and assignment of responsibilities and accountabilities for their delivery. Each quarter, progress against the delivery of tactics and performance measurement targets is monitored, and year-end results are summarized in the Annual Report.

Goal 1 Customer Success

Provide strategic real estate and accommodation services that facilitate best-value workplace solutions and service delivery. Focus on strategic advisory services to meet customer delivery and program needs.

Objectives

1.1. Increase customer satisfaction.

1.2. Provide innovative and cost effective accommodation solutions that best support customers' program delivery objectives.

1.3. Increase services to health, education and other provincial government sectors for their real property and accommodation infrastructure requirements.

Strategies

1. Continue to develop the service level agreement framework and collaborate with customers to implement.
2. Provide the full suite of services identified in the Service Catalogue.
3. Implement a customer engagement strategy to ensure a smooth transition to service provision by the property management outsource provider.
4. Provide strategic advisory services to support the health and education sectors.
5. Retain business with those ministry customers who have choice as a result of their governance restructuring (e.g. the Ministry of Children and Family Development).

Goal 2 Increase Value to the Shareholder

Leverage BCBC's leadership in shared services to improve the efficiency and effectiveness of the public sector by providing innovative stewardship, advice and management for the delivery of real property and accommodation infrastructure services.

Objectives

2.1 Achieve targeted financial results.

2.2 Provide effective stewardship of BCBC's portfolio.

2.3 Reduce environmental risks and hazards, and manage environmental liabilities.

Strategies

1. Continue to implement best practice portfolio management plans within the context of the corporate Ownership of Real Property Assets policy.
2. Accelerate the sale of surplus and selected other properties to contribute to improving the Province's fiscal situation while enhancing corporate performance.
3. Continue to implement the Environmental Stewardship Plan in partnership with the property management outsource provider.
4. Provide strategic advice and support to government, as requested, regarding efficient and effective stewardship of the broader real property system of the province.
5. Be prepared to provide advice/support to government with respect to real estate infrastructure development in preparation for the 2010 Olympics if requested.

Goal 3 Organizational Transformation

Strengthen the Corporation as a shared service provider by shifting from a service delivery focus to a strategic advisory role. Continue to implement best-practice customer service processes and increase the robustness of supply management through increased partnering with the private sector.

Objectives

3.1 Increase and optimize the use of the private sector.

3.2 Increase efficiency and decrease overall and unit costs.

3.3 Increase effectiveness and efficiency of internal processes that support the new organization and meet customer needs.

3.4 Ensure that the key performance indicators established for the property management outsource provider are met.

Strategies

1. Successfully implement property management outsourcing.
2. In support of the new business model, review and improve the core business processes, systems and practices to enhance our corporate performance (in particular, the customer account management and supply management processes), and explore further opportunities for alternative service delivery.
3. Complete the organizational restructuring and review of the governance model to support the strengthened shared services business model and the provision of strategic advisory services.
4. Implement the new financial model, to report on revenues and expenses by business unit, service and customer.
5. Develop and implement a comprehensive communication strategy for the shareholder, customers, employees and suppliers to facilitate a successful corporate transformation.

Goal 4 Enhanced Service Culture

Build a performance-based and team-oriented customer service culture that focuses on flexibility, productivity and continuous improvement.

Objectives

4.1 Strive to ensure that the Corporation has an appropriately skilled and diverse workforce to achieve its business priorities.

4.2 Achieve 100% employee participation in the performance and compensation management system.

4.3 Increase employee satisfaction.

Strategies

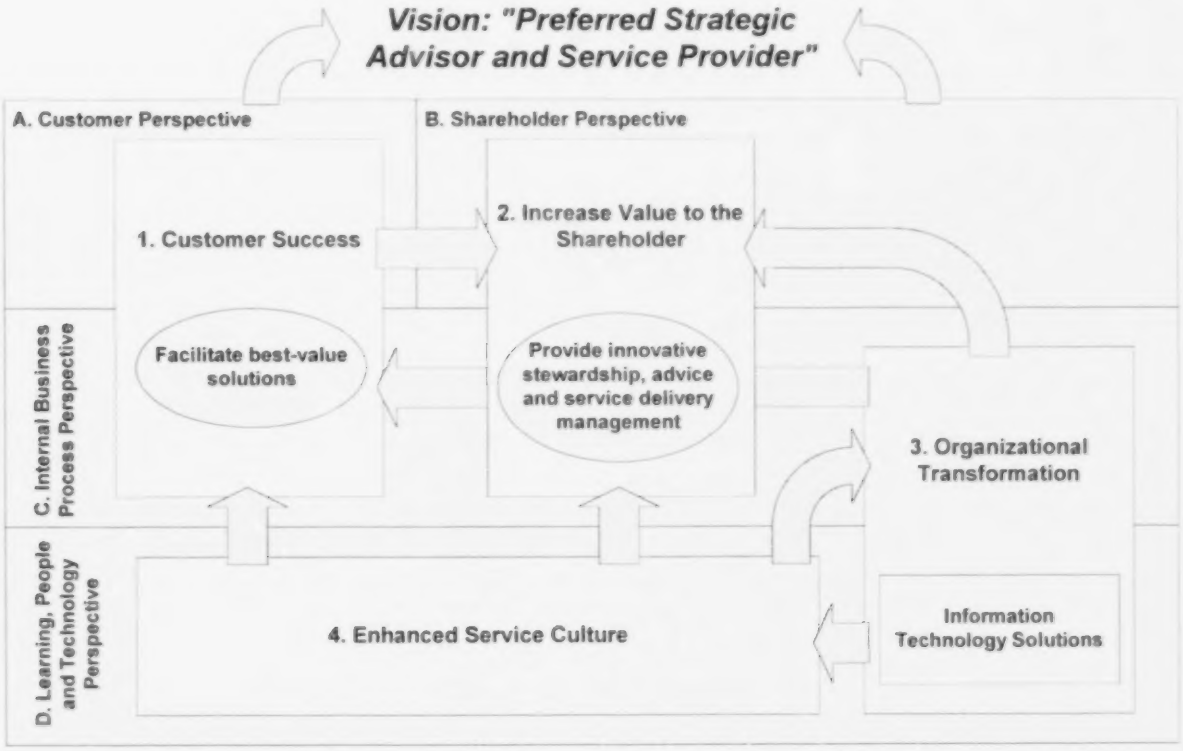
1. Continue to develop a common understanding of the key attributes of the desired service culture and implement a supporting strategy.
2. Undertake human resource management strategies to ensure a successful business transformation (competencies, compensation, recruitment, training and change management).
3. Transition accountability to line management for the application of human resource policy and practices.

Strategy Map

Adapted from the Balanced Scorecard approach[1], BCBC's strategy includes four perspectives: A) Customer; B) Shareholder; C) Internal processes; and D) Learning, people and technology. The strategy map below is a visual representation of the cause-and-effect logic.

The foundation of the Corporation's strategy is the learning, people and technology perspective. In other words, the Corporation must have an "enhanced service culture", with the required information technology solutions in place to be successful. Moving upwards in the diagram, the internal business process perspective presents the strategies that will be implemented to achieve the Corporation's vision, including those associated with the goals of Customer Success, Increase Value to the Shareholder, and Organizational Transformation. The top level of the strategy map refers to how the Corporation is viewed from the external perspectives of its customers and shareholder. These perspectives relate to the Corporation's vision to be vital to our customers' success and to our shareholder by being their "preferred strategic advisor and service provider" of real estate and accommodation infrastructure solutions.

This strategy map was used to develop the Corporation's performance measures (presented in a later section of the Plan), to ensure that the measures were directly linked to the Corporation's strategy, and appropriately "balanced" among the four perspectives of the Balanced Scorecard.


Vision: "Preferred Strategic Advisor and Service Provider"
A. Customer Perspective
B. Shareholder Perspective
1. Customer Success
2. Increase Value to the Shareholder
C. Internal Business Process Perspective
Facilitate best-value solutions
Provide innovative stewardship, advice and service delivery management
3. Organizational Transformation
D. Learning, People and Technology Perspective
4. Enhanced Service Culture
Information Technology Solutions

[1] Kaplan, Robert S. and Norton, David P. (2001). ***The Strategy Focused Organization***. Boston: Harvard Business School Press.

Performance Measures

This section identifies performance measures and three-year targets for each of the Corporation's objectives. In most cases, three-year targets have been established; however, in a couple of cases targets could not be established in time for the publication of this plan because the measures are new. Targets will be established in 2004/05 for all measures.

The Corporation is committed to benchmarking these performance measures against industry standards, and/or ensuring that comparisons against past performance are made wherever possible. Instances where benchmark comparisons will be made are noted in the descriptions that follow this section.

Objectives	Measures	Targets		
		04/05	05/06	06/07
1. Customer Success				
1.1 Increase customer satisfaction	• Customer satisfaction index (CSI) rating	2% points above 03/04 rating	5% points above 04/05 rating	3% points above 05/06 rating
	• Percentage of customers with operational Service Level Agreements	100%	Develop new measure	Target will be set in 2005/06
1.2 Provide innovative and cost effective accommodation solutions	• Total annual BOC savings realized from government restructuring	$60M	Develop new measure	tbd
	• Innovation rating (from CSI)	Baseline established April 2004	tbd	tbd
1.3 Increase services to health, education and other provincial government sectors	• Revenue from professional services	10% increase over 03/04	10% increase over 04/05	10% increase over 05/06
2. Increase Value to the Shareholder				
2.1 Achieve targeted financial results	• Net income	$43.1M	$45.7M	$41.9M
	• Net debt	$255M	$225M	$210M
2.2 Provide effective stewardship of BCBC's portfolio	• Office vacancy rate	Less than half of market	Less than half of market	Less than half of market
	• Total proceeds on properties sold	$75.8M	$35.4M	$7.4M
2.3 Reduce environmental risks and hazards, and manage environmental liabilities	• Status of risk management activity (contaminated sites)	86% remediation complete or not required / planned	92% remediation complete or not required / planned	100%

Objectives	Measures	Targets		
		04/05	05/06	06/07
3. Organizational Transformation				
3.1 Increase and optimize use of the private sector	• Percentage of corporate expenditures with private sector	83%	83%	84%
3.2 Increase efficiency and decrease overall and unit costs	• Net corporate general & administrative costs	22% decrease from 2001/02 base	29% decrease from 2001/02 base	33% decrease from 2001/02 base
	• Operations and maintenance costs (per m^2) for owned office buildings	3% less than 03/04	5% less than 04/05	2% less than 05/06
	• Office lease costs per square metre – by region	Less than benchmark	Less than benchmark	Less than benchmark
	• Energy efficiency (%)	8% ↑ relative to 2000 base	9.5% ↑ relative to 2000 base	11%↑ relative to 2000 base
3.3 Increase effectiveness and efficiency of internal processes	• Business process improvements implemented on schedule.	100%	100%	100%
3.4 Meet key performance indicators (KPIs) for property management outsource provider	• Measure of extent of achievement of KPIs for the outsourcing of property management services	Develop new measure	tbd	tbd
4. Enhanced Service Culture				
4.1 Strive to ensure BCBC has an appropriately skilled and diverse workforce	• Percentage of employees undertaking competency-based training (e.g. customer service, supply management, consulting & relationship management)	50%	80%	90%
	• Percentage of employees indicating their understanding of the corporate direction (from biennial employee survey)	-	85%	-
4.2 Achieve 100% employee participation in the performance and compensation management system	• Participation rate in performance and compensation management system	100%	Develop new measure	tbd
4.3 Increase employee satisfaction	• Percentage of employees indicating "satisfied" or "very satisfied" on biennial employee survey	-	75%	-
	• Rate of absenteeism	< 3%	< 3%	< 3%

Key Changes from the 2003-2006 Service Plan

Each year, the three year Service Plan is extended by one year and is reviewed and revised to align with the current environment. The 2004-2007 Service Plan document has been refreshed throughout; however, the key changes made this year include:

- An Accountability Statement, signed by the Chair and CEO, has been added.
- The Organizational Overview section has been modified to include a summary description of the Corporation's governance relationships and accountabilities, and to provide more detailed information on BCBC's core services. A hyperlink to BCBC's Services Catalogue has been added.
- The Vision and Mission statements have been revised to reflect the Corporation's shift to the role of a "strategic advisor" and to incorporate key concepts from the Enduring Purpose and Corporate Positioning statements, which were included in the previous plan.
- The descriptions of the four Goals have been updated, and two of the Goals (Goal 3: Organizational Transformation and Goal 4: Enhanced Service Culture) have been substantially modified to better reflect the new corporate direction.
- Some objectives have been modified or consolidated to reflect shifts in direction and in order to focus on fewer key objectives. The objective relating to increasing services to health, education and other government sectors has been shifted from Goal 2 to Goal 1. Under Goal 3, the previous objective relating to IT solutions has been replaced by a broader objective relating to internal processes, and a new objective has been added relating to the success of property management outsourcing.
- Strategies have been modified, some deleted and new ones added to reflect the completion of certain initiatives and the need to add/modify initiatives to support the revised goals and objectives. In particular, the strategy relating to the Government Accommodation Restructuring Initiative (GARI) will be substantially completed by the end of 2003/04. New strategies were needed in support of the organizational transformation and the transition to outsourcing of property management services.
- BCBC committed to reducing the number of measures tracked at the corporate level to focus on the measures of greatest strategic importance to the Corporation. A number of performance measures have been removed from the plan and new ones added to reflect changes in objectives and strategies. In addition, performance measures and targets have been modified to reflect new data and/or to ensure that we are better able to make decisions based on the measurement information.

Performance Measure Descriptions

A description of each performance measure, including its purpose, is provided in this section. Instances where benchmark comparisons will be made are also noted.

Customer satisfaction index (CSI) rating – Each year decision-makers among BCBC's customers are surveyed by an independent consulting company about key service attributes in the following categories: service, quality, responsiveness, choice and total cost. The customer satisfaction index rating represents the overall average response to each of these categories. This measure will be compared against the Citizens First benchmark (sponsored by the Institute for Public Administration of Canada and the Public Sector Service Delivery Council).

Percentage of customers with operational service level agreements in place – The development of service level agreements (SLAs) with customers is an important milestone in the Corporation's implementation of the strengthened shared services model. Two types of agreements are utilized: a Master SLA containing high-level client service delivery goals and objectives (put in place over the last two years), and a more tactical operational SLA which, consistent with the framework provided by the Master SLA, details client-specific functional requirements, including specific performance metrics for each service. In the first year, this measure will track the extent to which operational SLAs have been developed and implemented with eligible customers. In 2005/06, a new measure will be developed to track the extent to which commitments within SLAs have been met. This new measure will be an important indicator of customer success.

Total annual BOC savings realized from government restructuring – This measure identifies reductions in total annual Building Occupancy Charges (BOC) realized for ministry customers through the Government Accommodation Restructuring Initiative (GARI). GARI was initiated in 2002/03 and will be completed in 2004/05. In January of 2002, targets were set out to 2004/05 based on the best available indications of the magnitude and timing of restructuring with input from ministries, the Public Service Employee Relations Commission, the Premier's Office and Treasury Board Staff. In 2005/06 a new measure of BOC cost savings will be developed.

Customer Survey index rating for innovation – This is a new measure. New questions will be added to the 2003/04 Customer Survey to form an index of questions relating to customer satisfaction with innovative solutions offered by the Corporation. Once the baseline for this index is established targets will be set for future years.

Revenue from professional services – This measure is calculated as revenues from professional services, provided to non-ministry customers. It provides an indicator of the level of services, which are being provided to the broader public sector.

Net income – Net income is a common measure of an organization's "bottom line." It is calculated as revenues (including gains on sale of properties) less expenditures.

Net debt – This measure tracks the Corporation's success in reducing outstanding debt, a component of overall provincial taxpayer-supported debt. Net debt is calculated as total outstanding short-term and long-term borrowings net of sinking fund investments.

Office vacancy rate – This measure presents the ratio of vacant market-comparable office space to total rentable market-comparable office space in the Corporation's portfolio (owned and leased). Results are compared against industry benchmarks to provide an indication of the Corporation's effectiveness in ensuring that the office portfolio is effectively utilized.

Total proceeds on properties sold – This measure provides an indication of the volume/value of asset dispositions. It comprises the total gross cash proceeds of properties sold and closed during the year.

Status of risk management activity associated with contaminated sites – This measure provides snapshots of BCBC's activities related to the management of identified contaminated sites. By monitoring the progress of sites from the preliminary investigation stage, to the development of plans and to eventual remediation, the measure provides an indication of the extent to which risks to the Corporation are being managed and reduced.

Percentage of corporate expenditures with the private sector – This measure tracks the Corporation's shift to greater reliance on the provision of services by the private sector by measuring the ratio of dollars expended on goods and services purchased from private sector service suppliers, contractors and manufacturers versus dollars expended on internal staffing. It excludes capital expenditures and third party lease payments.

Net corporate general and administrative costs – General and administrative (G&A) costs include functional activities within the Corporation that are not directly recovered from customers. This measure provides one indication of the Corporation's ability to manage its overhead costs.

Operations and maintenance costs per square metre for owned office buildings – This measure includes all costs associated with operating and maintaining a building, excluding minor client requests, trade equipment, structural landlord maintenance, taxes and insurance. It is presented in terms of costs per square metre for the office-building component of the Corporation's portfolio (excluding courthouses) to allow benchmark comparisons to be made. Corporate results are compared to the BOMA (Building Owners and Managers Association) national private sector benchmark.

Office lease costs per square metre (by region) – BCBC's combined (net effective) office lease rate is compared to market rates for comparable office space. The analysis of BCBC and market lease rates is drawn from an independent benchmarking study, which compares office leases negotiated in selected centres (Vancouver, Victoria and the Interior).

Energy efficiency (previously called energy intensity) – The measure tracks the percentage reduction since the year 2000 in energy consumption per square metre for BCBC's significant buildings, providing an indication of the Corporation's relative energy efficiency, and thereby the effectiveness of its energy management program.

Business process improvements implemented on schedule – This measure tracks the percentage of key planned work which has been completed on schedule to achieve expected results, as per the approved business process improvement plan and the Information Systems plan.

Achievement of key performance indicators for the outsourcing of property management services – This measure will be developed once the service contract for the property management outsource provider has been finalized. It will track the extent to which the KPIs included in that contract have been met or exceeded.

Percentage of employees undertaking competency-based training – Critical competency requirements under the new corporate structure are being identified, including skills in the following areas: customer service, supply management, consulting & relationship management. This measure tracks the percentage of employees who have taken training during the fiscal year in any of the critical competency areas identified.

Percentage of employees indicating their understanding of the corporate direction – Successful implementation of the Corporation's strategy involves ensuring that everyone in the Corporation understands the corporate goals and objectives. This measure tracks the average response of employees to question(s) on the (biennial) employee survey designed to identify the extent to which employees understand the corporate direction and business strategy.

Participation rate in performance and compensation management system (replaces the Performance Development Process measure tracked previously) – This measure tracks the percentage of employees who have completed performance plans as part of the Corporation's performance and compensation management system. This system is BCBC's key initiative for ensuring that individuals are working to achieve individual performance goals consistent with corporate goals; therefore, the Corporation is targeting full participation by 2004/05. A new measure may be developed in 2005/06 to track success of employees in meeting their performance goals and objectives.

Percentage of employees indicating "satisfied" or "very satisfied" on employee survey – A key question on the employee survey asks employees to rate their level of satisfaction with the Corporation. This measure tracks the percentage of respondents who selected "satisfied" or "very satisfied" to this question. Employee satisfaction is considered a good indicator of the well being of the corporate working environment. The Corporation will continue to compare itself against, and target to remain above, the Work Canada benchmark for this measure.

Rate of absenteeism – This measure monitors the level of paid sick leave in the BCBC workforce. The rate is total paid sick hours expressed as a percentage of total work hours for the reporting period. Absenteeism provides an indication of workforce wellness and morale. Comparisons for this measure will be made to the BC government rate and to other applicable benchmarks.

Alignment with Government's Strategic Plan

The Corporation's values are consistent with the Government's expressed Core Values of Integrity, Fiscal Responsibility, Accountability, Respect and Choice set out in the Government's 2003/04 – 2005/06 Strategic Plan. More specifically,

- Fiscal responsibility is demonstrated through increased efficiency as a result of decreasing corporate debt and administrative overhead costs, resulting in decreased costs to customers;
- BCBC and customer accountability is promoted through a market-based pricing model, which provides incentives for efficient, effective use of assets and evaluation of optimal solutions.
- Strengthening of BCBC's shared services model increases the choice provided to customers.

The action items from BCBC's Core Services Review, together with the Shareholder's Letter of Expectations, explicitly direct how the Corporation is to support the government in achieving its goals and objectives. Specifically, the goals, objectives and strategies in BCBC's 2004–2007 Service Plan align with, and contribute to, successful implementation of the three goals of the Government's Strategic Plan in the following ways:

Goal 1. A Strong and Vibrant Provincial Economy

BCBC supports this goal by working closely with the private sector, upon which it is increasingly relying for the delivery of its real estate and accommodation services. The Corporation has specific objectives and strategies relating to increased use of the private sector; successful outsourcing of property management services to the private sector; and, the continued assessment of alternative service delivery opportunities.

BCBC's Service Plan is aligned with the government objective relating to an affordable and fiscally responsible government. The Service Plan contains objectives relating to achieving BCBC's targeted financial results and optimizing value on properties sold, as well as supporting government ministries in meeting their financial objectives and targets. To help its customers be successful, BCBC will continue to participate in, and support, the regional integrated service delivery process that is underway. The Service Plan also includes objectives focused on improving BCBC's service delivery through decreasing costs and increasing the effectiveness and efficiency of internal processes to support the new organizational model and to meet customer needs.

Goal 2. A Supportive Social Fabric

The Corporation's plan aligns with this government goal through its "Customer Success" goal and its general focus on providing accommodation infrastructure support to ministry customers to enable them to deliver on their service plan objectives and strategies. BCBC also has an objective and related strategies (aligned with Core Services Review action items) to increase support to health, education and other provincial government sectors for their real property and accommodation infrastructure requirements.

Goal 3. Safe, Healthy Communities and a Sustainable Environment

BCBC's Service Plan aligns with this government goal through its "Customer Success" goal, as well as its "Increase Value to the Shareholder" goal. More specifically, the corporate objective to reduce environmental risks and hazards, and manage environmental liabilities aligns directly with the government objective of a healthy physical environment. BCBC's Environmental Stewardship Plan supports government strategies relating to drinking water protection, contaminated sites administration, greenhouse gases and climate change. In particular, BCBC plays a key role in the delivery of action items relating to provincially funded buildings in both the BC Climate Change Plan and the BC Energy Plan.

Summary Financial Outlook

($M)	2003/04 (forecast)	2004/05 (budget)	2005/06 (forecast)	2006/07 (forecast)
REVENUES				
Ministry	353.0	283.9	282.4	281.4
Other	112.1	98.6	86.1	84.8
	465.1	382.5	368.5	366.2
DIRECT EXPENSES				
Building Operations & Maintenance	78.3	75.2	65.9	63.7
Amortization	33.6	31.9	31.2	31.6
Taxes & Grants	18.9	19.0	19.4	19.7
Energy	24.0	22.2	20.8	20.7
Lease Costs	138.4	131.0	128.1	127.2
Client Projects/Fees expense	81.9	28.4	28.3	28.3
Net Customer Services/Admin	30.3	30.7	27.8	26.3
	405.4	338.4	321.5	317.5
INCOME FROM OPERATIONS	59.7	44.1	47.0	48.7
Interest	58.3*	24.0	19.3	17.6
INCOME BEFORE GAINS/OTHER ITEMS	1.4	20.1	27.7	31.1
Gains on sale	41.9	26.3	18.2	11.2
Restructuring/Other Items	1.7	-3.3	-0.2	-0.4
NET INCOME	45.0	43.1	45.7	41.9

* *Includes $29.3M in one-time debt retirement costs.*

Please refer to the table of assumptions and risks/sensitivities associated with these financial projections.

Key assumptions and risks/sensitivities associated with the financial projections are:

Key Assumptions	Forecast Risks and Sensitivities
➢ Recurring revenue projections reflect current customer budget and demand estimates. These estimates include the most up to date ministry accommodation restructuring plans.	➢ A 5% variation in demand for recurring space impacts revenue by approximately $17M. Related cost impacts would vary depending upon space and service type.
➢ Client project and one-time fee revenue is assumed at $30M per annum following the end of the government accommodation restructuring period.	➢ One time revenue is subject to demand levels. A variation in one-time revenue impacts net income by approximately 5-10% depending upon revenue/ service type.
➢ The Property Management outsourcing project is being implemented effective April 1, 2004. Outsource impacts incorporated into the budget include cumulative operations cost savings of $2.6M, $7.0M, and $8.7M respectively over the three year planning period.	➢ Direct cost savings achieved by the service provider remain subject to successful implementation.
➢ Gains on sale of properties are based on anticipated sale dates and estimated proceeds.	➢ The value and timing of property disposals is largely dependent upon prevailing market conditions at the time of disposal.
➢ BCBC will continue to mitigate and manage vacant space in the owned portfolio through disposal, backfill and alternative use strategies. No writedowns of owned market property assets have been assumed within budget projections.	➢ Prevailing market conditions will heavily influence BCBC's ability to minimize vacant space costs in the owned portfolio and avoid potential asset writedowns.
➢ Within the leased portfolio, a 2% vacancy rate is assumed.	➢ A 1% movement in lease vacancy rates impacts revenue by approximately $1.3M annualized.
➢ Future interest rates are assumed as follows: 2004/05 2005/06 2006/07 Short Term 3.3% 4.8% 5.0% Long Term 6.2% 6.8% 7.0%	➢ A 1% movement in interest rates impacts expense by approximately $1M inversely due to the impact on investment earnings.
➢ The current dividend policy (40% of net income) remains in place over the planning period.	➢ Any change to this policy will impact net interest expense through increasing or decreasing cash/investments.
➢ Taxes/Grants expense assumes a continuation of the current grants-in-lieu framework.	➢ A move to full taxes has a potential maximum impact of approximately $18M depending on timing of implementation.
➢ Energy costs are subject to price and consumption (weather) fluctuations.	➢ A 10% change in price/usage impacts expense by approximately $2.0M per annum.

Glossary of Terms

Accommodation Infrastructure

Accommodation infrastructure includes the buildings, facilities and properties that make up workplaces, as well as workplace tools, such as furniture and telecommunications.

Alternative Service Delivery (ASD)

Alternative service delivery refers to the range of methods by which BCBC may manage service delivery to its customers. The term is usually used when considering the strategies that can be used to change either the way a service is being delivered or the way service demand is managed. Potential alternate service delivery methods/strategies include a continuum of methods including, but not limited to, shared services, co-sourcing, public-private partnerships (P3s), contracting out, outsourcing, non-asset related strategies (e.g., eliminating or reducing demand for a particular service) or existing asset strategies (e.g., using existing assets more intensively rather than expanding capacity).

Government Accommodation Restructuring Initiative (GARI)

BCBC was appointed by government to strategically manage the restructuring of ministry accommodation infrastructure arising from the Core Services Review and three-year budget process. In response, the Corporation acquired approval of central funding from Treasury Board to support the Government Accommodation Restructuring Initiative (GARI). GARI responsibilities include working closely with ministries to ensure that appropriate accommodation solutions are identified and implemented to address their changing program requirements and budget targets. The Corporation is also seeking to integrate Service Delivery Project Cross Ministry Work Team outcomes with GARI project activity in various communities around the province.

Property Management Outsourcing

Outsourcing is a form of alternative service delivery. Property management outsourcing refers to the corporate initiative, initiated in March 2003, to enter into a contract with a private sector partner to deliver to BCBC customers, on its behalf, a range of property management related services, including operations and maintenance services in all facilities, project management services on projects up to $500,000, and some pollution prevention services. A contract has been successfully negotiated with Brookfield LePage Johnson Controls (BLJC) to be BCBC's outsource provider of property management services, through a newly established company, BLJC Workspace Solutions Inc. (BLJC WSI).

Service Level Agreement (SLA)

SLAs are agreements between BCBC and its customers (or BCBC and its partners) that describe the type, level and standard of service to be provided and the corresponding price. SLAs typically identify performance measures that will be used to evaluate BCBC's services and to support a continuous improvement philosophy which is reflected in customer satisfaction and, ultimately, in customer success.

Shared Services

Shared services is the sharing and leveraging of resources, people and information to reduce costs and improve service quality. It involves bringing together functions that are frequently duplicated across divisions, subsidiaries or operating units and offering these services more efficiently and at a lower cost, through a shared services centre.

Supply Management

Supply management is the process by which BCBC plans, engages and manages internal or external resources (suppliers) to deliver solutions/services to its customers.

Stewardship

The term "stewardship" encompasses the preservation and enhancement of the assets and resources that have been entrusted to BCBC.